

UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.

Issued by the Department of Transportation  
on the 16th day of April, 1996

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Essential Air Service at

KAMUELA, HAWAII

under 49 U.S.C., 41731 *et seq.*

**Docket 48638**

**ORDER SETTING FINAL RATE UNTIL FURTHER DEPARTMENT ACTION**

**SUMMARY**

By this order we are setting a final rate for Trans Executive Airlines, Inc., d/b/a Trans Air, of \$215,361 for its provision of subsidized essential air service at Kamuela, Hawaii, from December 1, 1995, until further Department action. That is the same rate as set by Order 95-11-28, the omnibus subsidy reduction order. (See Appendix A for a map.)

**BACKGROUND**

By Order 94-3-17, the Department selected Trans Air to provide essential air service at Kamuela, Hawaii. Trans Air was to provide two nonstop round trips, six days per week to Honolulu, Hawaii, with 9-seat Cessna 402's for an annual subsidy of \$248,493. That rate was set to expire under the terms of the order on November 30, 1995. However, due to Congressionally mandated budget cuts, by Order 95-11-28 the Department reduced subsidy payments and required service across the board to ten round trips per week, effective November 27, 1995. At Kamuela the subsidy was reduced to \$215,361 and that rate expired on November 30, 1995. Since then Trans Air has continued to provide essential air service but has not received subsidy for its service.

We are negotiating several options with Trans Air for long-term service and subsidy levels. In the meantime, the carrier is eligible to be compensated for its service from November 30, 1995, until the Department takes further action. Trans Air has accepted an extension of the recently expired rate as a temporary, final rate. We find that the proposed final rate is reasonable and appropriate for the service the carrier proposes, and is consistent with the Department's FY 1996 budget.

This order is issued under authority delegated in 49 CFR 1.56(i).

ACCORDINGLY,

1. The Department sets the final rate of compensation for Trans Executive Airlines, Inc., for the provision of essential air service at Kamuela, Hawaii, as described in Appendix B, payable as follows: for each calendar month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling of \$4,342.00 and shall be determined by multiplying the subsidy-eligible departures from and arrivals at the hub completed during the month by \$217.10;<sup>1</sup>
2. Subsidy payments are subject to the availability of funds. If the Government terminates payments because of insufficient appropriated funds, then, at the end of the period for which the Government does make payments, the carrier may cease to provide the service provided for under this agreement without regard to any requirement for notice of such cessation;
3. We direct Trans Executive Airlines, Inc., to retain all books, records, and other source and summary documentation to support claims for payment and to preserve and maintain such documentation in a manner that readily permits the audit and examination by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order; and
4. The Department will serve copies of this order on the Governor of Hawaii, the Hawaii Department of Transportation, and Trans Executive Airlines, Inc.

By:

Charles A. Hunnicutt  
Assistant Secretary for Aviation  
and International Affairs

(SEAL)

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<sup>1</sup> See Appendix B for calculation.

**Trans Executive Airlines, Inc., Essential Air Service to be Provided for Kamuela, Hawaii, Docket 48638**

Effective Period: December 1, 1995, until further Department action.

Frequency: Ten nonstop round trips per week.

Aircraft: Cessna 402, 9 seats

Hub: Honolulu

Rate per Arrival from Honolulu/Departure to Honolulu: <sup>1</sup>  
\$217.10

Weekly Subsidy Ceiling: <sup>2</sup>  
\$4,342.00

Note: the carrier has been placed on notice that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of this order, including the service plan outlined above and any other significant elements of the required service, without prior approval. In addition, if for a significant period of time the carrier either does not schedule or operate its flights in full conformance with this order, the carrier may jeopardize its entire subsidy claim for the period in question. If any such changes are contemplated during the applicable period of this rate, the carrier must first notify the Office of Aviation Analysis in writing and receive approval from the Department of Transportation to be assured of full compensation. Carriers must complete all flights that can be safely operated. An aircraft taking-off and landing at its scheduled destination constitutes a completed flight. Only completed flights are considered eligible for subsidy absent an explanation for not completing the flight (such as certain weather cancellations). Flights which overfly subsidized points for lack of traffic will not be compensated.

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<sup>1</sup> \$215,361 annual compensation, divided by 992 annual arrivals from and departures to Honolulu, calculated as follows: Four departures to hub or arrivals from hub five days per week =  
4 x 261 weekdays x .95 completion.

<sup>2</sup> Kamuela is scheduled to receive 10 departures to Honolulu and 10 arrivals from Honolulu each week. Four departures to or arrivals from the hub five days per week x \$217.10.